



INSURANCE FRAUD INVESTIGATION DIVISION

Kentucky Department of Insurance

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Fraud Statistics/Charges and Convictions Activity October 2008

Fraud Statistics

	<u>Month</u>	<u>YTD</u>
Total Referrals Received.....	79	859
Open Cases (Investigations-includes prior years)		219
Assigned Cases (Investigations).....	4	203
Closed Cases (Investigations).....	19	193
Closed Cases (Investigations) Exceptionally Cleared – Declined by Prosecutor.....	2	20
Charges (5 felonies).....	5	186
Convictions (3 felonies, 6 misdemeanors).....	9	97
Restitution Ordered.....	\$ 10,585.94	\$ 1,422,706.62

Convictions Activity

Sidney Allen – On or about 7/22/03, Allen misrepresented his business interests when he told Kentucky Employers Mutual Insurance (KEMI), his workers' compensation carrier, that he was in the construction business when in fact he was in the logging business. Furthermore, he presented a contract to Donovan Finch that purported to evidence workers' compensation insurance when there was no such coverage in force. On 2/26/07, Allen was indicted on two felony counts of fraudulent insurance acts in Morgan Circuit Court. He was arrested on 3/16/07, and entered a Not Guilty Plea on 3/26/07. A jury trial is scheduled for 10/27/07, with a pre-trial conference scheduled on

9/24/07. On 8/25/08, Allen pled guilty to one felony count of fraudulent insurance acts with the other felony count dismissed. He received five years diverted for five years, and paid restitution in the amount of \$109,985.00 to KEMI. He was ordered to pay a fine in the amount of \$109,985.00 (\$219,970.00 with \$109,985.00 diverted) to the Fraud Division for investigative expenses and must file a fraud prevention plan with the Fraud Division.

Barbara June Auer – Auer submitted false information to Liberty Mutual Insurance (Liberty) to increase coverage on her automobile policy and then submitted a fraudulent claim. On 4/2/08, Auer was charged with one felony count of fraudulent insurance acts in Boone District Court. On 9/5/08, Auer pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 180 days conditionally discharged for two years. She paid restitution in the amount of \$845.61 to Liberty and court costs of \$154.00.

Darrell Gibson – Gibson submitted an insurance application to Bluegrass Family Health (Bluegrass) Veronica J. Gibson to his health insurance policy through his business. The form listed Veronica as his spouse even though they were divorced on 12/29/03 in Scott Circuit Court. Veronica remained on the policy until 6/26/07 with a cost to Bluegrass Family Health of \$169,099.00 for her health care. On 7/23/08, Gibson was charged with one felony count of fraudulent insurance acts in Scott District Court. On 10/2/08, Gibson pled guilty to the amended misdemeanor count of fraudulent insurance acts and received 90 days probated for one year. He paid restitution in the amount of \$8,521.33 to Bluegrass, a fine in the amount of \$350.00 to the Fraud Division for investigative expenses, and \$150.00 in court costs.

Lois A. Hunter - On or about 9/9/06, Hunter presented a fraudulent insurance identification card to the Clay County Clerk's Office in order to register her vehicle. On 8/21/08, Hunter was charged with one felony count of fraudulent insurance acts in Clay District Court. On 9/16/08, Hunter pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 12 months conditionally discharged for two years. She was fined \$403 which includes court costs.

Ronnie Allen Lea – On or about 3/19/07, Lea presented a false receipt to United States Automobile Association (USAA) for repairs on a 2002 Mustang and received approximately \$1,219.00 in benefit payments. On 1/16/08, Lea was charged with one felony count of fraudulent insurance acts in Jefferson Circuit Court. On 7/28/08, Lea pled guilty to the felony count of fraudulent insurance acts and received one year diverted for five years. He was ordered to pay restitution in the amount of \$1,219.00 to USAA and a \$25.00 supervision fee to Probation and Parole.

Daniel C. Mayfield - On or about 5/18/07, Mayfield presented a fraudulent insurance identification card to the Clay County Clerk's Office in order to register his vehicle. On 8/21/08, Mayfield was charged with one felony count of fraudulent insurance acts in Clay District Court. On 9/16/08, Mayfield pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 12 months conditionally discharged for two years. He was fined \$403 which includes court costs.

Alta M. Nolan - On or about 11/20/06, Nolan presented a fraudulent insurance identification card to the Clay County Clerk's Office in order to register her vehicle. On 8/21/08, Nolan was charged with one felony count of fraudulent insurance acts in Clay District Court. On 9/16/08, Nolan pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 12 months conditionally discharged for two years. She was fined \$403 which includes court costs.

Shirley Ramsey - On or about 10/26/06 and thereafter, Ramsey committed the offense of Fraudulent Insurance Acts over \$300, when she, acting alone or in complicity with others, purchased an automobile policy from McGehee Insurance Agency for over \$300 and made payment with a check. After obtaining a proof of insurance card, she stopped payment on the check and continued to present the proof of insurance card to the County Clerk's Office to obtain license tags for her vehicle. On 8/16/07, Ramsey was indicted by the Breckinridge Circuit Court on one felony count of fraudulent insurance acts over \$300. On 9/3/08, she entered a guilty plea to the felony count. The Commonwealth recommended a sentence of one year probated for five years, and a fine to the Fraud Division for investigative expenses in the amount of \$609.00 plus 5% administrative fee of \$30.45. On 10/1/08, Ramsey pled guilty to the felony count of fraudulent insurance acts and received one year probated for five years. She was ordered to pay a fine in the amount of \$639.45 to the Fraud Division for investigative expenses, \$195.00 in court costs and an additional fine of \$1000.00.

Evelyn J. Simpson - On or about 9/9/06, Simpson presented a fraudulent insurance identification card to the Clay County Clerk's Office in order to register her vehicle. On 8/21/08, Simpson was charged with one felony count of fraudulent insurance acts in Clay District Court. On 9/16/08, Simpson pled guilty to the amended misdemeanor charge of fraudulent insurance acts and received 12 months conditionally discharged for two years. She was fined \$403 which includes court costs.